

Inclusion Leadership:

A Case Study of Best Practices at a Manufacturing Company

A leading company in the manufacturing industry currently has a strong workplace diversity initiative with a goal of creating an inclusive environment where all employees are respected and valued, where people can connect their similarities and celebrate their differences. In today's competitive global marketplace, this company knows its strength is its people. It understands that to succeed in today's marketplace, all employees must be invited to contribute. It works to make sure all stakeholders (employees, customers, communities, and shareholders) can share in the company's prosperity.

After several years working with a diversity consulting company, the company hired a Vice President of Diversity. This young man's experiences had taught him that managing diversity as a subset of managing the market would allow him to see results that would exceed the expectations of the organization. His question was always, "How do you drive diversity from a business perspective?"

The issues are often not about representation of people who are different from the mainstream or having certain people in the right places. The real issue is what to do with those people once they are on board. How do you include them in the company's business practices and environment—and leverage their differences for the benefit of the company?

This company started as a small, family-owned company that later became public. They were doing business in several different countries and in order to compete, they had to make significant changes to make it a more inclusive, multi-cultural environment. Their largest obstacle was that, having been a family company for such a long time had created an unfair playing field for other employees. That was a tremendous barrier to implementing a diversity strategy.

In a family business, if Uncle Bob doesn't deliver on the sales numbers, he doesn't get fired. That would be tantamount to kicking him out of the family. This VP of Diversity had to help the company transform from a family organization to an inclusive, high-performance team with totally different expectations. They had to bring new people into the family, and these new

people looked different, talked different, and acted different—everything about them was different—than the family.

The VP of Diversity's challenge was to create a strategy where every employee could see that diversity was important to him or her. They needed to help white males understand how they could benefit from sharing power. Power, defined as financial authority, influence, decision-making, titles, and recognition (all the components of power you can imagine in a corporation), had to be given up and shared by the white males with women and people of color.

IMPLEMENTING THE INCLUSION STRATEGY – *The Phoenix Principles*

The Best People

The VP of Diversity inherited a Diversity Leadership Team, but upon his assessment of the team, found that the individuals comprising it weren't people of influence. They were actually some of the victims of the organization and the corporate culture. He decided to raise the level of membership of the diversity team to managers, directors, and VPs, people who were close enough to the environment to deal with some of the issues, yet possessing enough power in the organization to make changes happen and their voices heard.

He hired a Director of Diversity for his diversity staff who was an African American female. The following year he hired a second director, a white male. The latter was a strategic decision so the organization could see others on the diversity team who looked like the general population of the company. He wanted to send the message that this wasn't a position just for African Americans. When he had the opportunity to change his administrative person, he targeted a Hispanic female. He wanted his team to look the way he wanted the organization to look.

In selecting his corporate Diversity Leadership Team, the VP of Diversity looked at several different dimensions of diversity. He comprised his team of twenty-six people from different functions and locations, who also represented many different aspects of diversity: gay/lesbian, African American, Hispanic, young, mature, administrative, corporate. He made sure he had a truly diverse team for the organization.

The process was this: division presidents, using agreed-upon criteria, nominated the team members to the positions on the Diversity Leadership Team. They positioned it as a prestigious position. Those who were on the Diversity Leadership Team were well thought of in the organization. In fact, this selection method worked so well that there is no need for a “pipeline” of new members even though they roll over every member of the team on a yearly basis.

Team members derived many benefits from being on the team. They frequently interfaced with the board, the president, the CFO, legal, and senior management. They were exposed to areas of the business they never would have been exposed to otherwise. They also attend conferences and had opportunities for personal development through various speakers who were brought in. While these personal rewards weren’t intentional, these people had a certain level of responsibility in the organization and they were quick to pick up on them.

Compelling Purpose

The vision of the Diversity Leadership Team was to be recognized by the organization (i.e. senior management, shareholders, board of directors, etc.) as a viable business artery. This succinct vision underlies a powerful approach for a diversity or inclusion team.

The team found out quickly that if you bring together high caliber, high performing people and ask them to be on a team, they want to do real work, not just have interesting conversations. By the second year, each team member had a formal job description, which included sub-teams assignments with specific objectives. Each sub-team had a mission statement describing what they wanted to accomplish.

Solid Infrastructure

In spite of some challenges in the beginning, support definitely came from the top to drive the initiative. The VP of Diversity reported directly to the CEO and to a committee made up of three board members. Historically the company had a patriarchal culture in which anything the CEO (who was literally the head of the family) required was supported. The VP of Diversity took advantage of that existing culture and leveraged CEO support wherever he needed it.

Diversity initiatives often start at ground level with a grass roots effort and work up through the organization. This kind of effort can only go so far without support from the organization. Sometimes, though, initiatives start at the top and travel down into the organization. The VP of Diversity's strategy was to create momentum from both directions, so they would meet in the middle. He had a cadre of employees from the first diversity council (those victims of the organization) who helped form a groundswell of enthusiasm for what the team was trying to accomplish.

From a higher level, since he was reporting directly to the CEO and sat at the table for all decisions made for the corporation, he had an audience of the CEO and the CEO's other direct reports, who were presidents of the other operating divisions. This senior leadership team made diversity a mandatory item on the agenda for all CEO staff meetings.

Since communication of their initiative was so important, the Diversity Leadership Team worked hand in hand with corporate communications to find multiple ways to communicate their actions and progress. They devised their own branded diversity concept with a diversity logo that was part of the company logo package.

This diversity logo eventually showed up as a company screensaver or desktop graphic. It also appeared on the corporation's annual reports. They created a dedicated diversity website focused on the company's diversity activities. They used employee networks (which also had their own websites) to spread information. In addition to a general bulletin board on the diversity website, they also implemented bulletin boards in individual plants.

Diversity leadership team meetings were held monthly and lasted all day. Because they were held in different company locations each month, the team often had a chance to go into the plants and become familiar with different divisions in the company. The team addressed issues that really challenged them from a diversity management perspective. They talked about issues around sexual orientation or race, for example.

They often had a speaker or invited employees to come for panel discussions to talk about issues they were facing. The team was continually provided with training to give the individual members the experiences they need to equip them for their roles and challenges.

They created a Diversity Steering Team which met once a quarter, made up of the CEO and his direct reports. The sole objective of the steering team was to drive strategy and remove issues of policy from the Diversity Leadership Team, thus helping them achieving their strategic objectives.

In the beginning, the team worked through all the protocols of how to make decisions. They developed ground rules, reviewed the elements of issues they were dealing with, deciding which issues were group discussions and which were one-on-ones. Once they had worked through the details, their processes were in place and became the norms of operation. Now the team operates entirely from a consensus standpoint.

Administrative support for the initiative originally came from the Diversity Leadership Team. Eventually the work transferred to individual the divisions, so that support came from the divisions working against their own scorecards. However, the VP of Diversity's team supplied all the programs, processes, and various tools, and templates ready for rollout in the divisions.

Strategic Measurable Actions

When the VP of Diversity first came on board with the company, he did a full assessment of the corporation to determine the areas in which they needed to evolve. Education and training was a foundation piece, and it continued to evolve over time.

Eventually, they implemented a knowledge management system as a way of capturing ideas and information to share with the organization. This database of knowledge guaranteed that if an individual left the organization, for example, that person's experience and expertise was not lost.

The database also served another function just as important to the Diversity Leadership Team as gathering information. They knew there were voices that weren't being heard from an inclusion standpoint. The team wanted to create a forum for employees to tap into if they felt their voices couldn't be heard in their normal business units, where people could talk about the business and have that information captured. They needed a way of sharing their ideas with others. The database served as an idea bank that had the added value of giving the Diversity Leadership Team valuable information for deciding which goals to focus on for the coming year.

For implementing actions, the Diversity Leadership Team often employed pilot programs, if time permitted, especially if the program might be risky and they wanted to get a feel for how it was going to work. Progress was documented by tracking their accomplishments. Some of the things they were able to do include:

- Tying diversity to compensation and accountabilities of leadership development of the top 400 managers and supervisors, from the CEO on down. Diversity was not only tied to the CEO's compensation, but also to how the board reviewed him.
- The work of the Diversity Leadership Team members went into their annual performance reviews, administered by their managers. In fact, every employee had a diversity mark on his or her review. If an associate participated on a team or in one of the networks, he or she had an opportunity to talk about the work they did there.
- Diversity was not an HR component, but a business strategy—having very specific examples of tying diversity to the business, integrating it into standard business practices, and incorporating behaviors and procedures.
- They piloted a reverse mentoring program in which the top 50 managers were mentored by people of various diversity characteristics to help them understand some of the competencies and issues that exist among cultures.
- They developed diversity scorecards across representation, for their minority vendor supplier program, training and education, as well as for measuring improvements in their markets. The scorecards provided an objective way to measure results at the individual level with regard to how employees were performing in relation to their diversity objectives.
- Diversity was tied to components of market strategies. They incorporated a marketplace objective responsible for addressing the needs of Hispanic or African American marketplace, depending on which one would yield the largest results.
- Eventually the Diversity Leadership Team transformed into a business center that had its own P&L and certain objectives for getting return from a revenue standpoint.

In looking at returns on investment, there are two types, tangible ROI and intangible ROI. Tangible ROI is measurable and concrete. Intangible ROI has more to do with the quality of an employee's or customer's experience and contributes to things that are, in fact, measurable, such as retention.

Examples of tangible ROI at this company included:

1. The first year they implemented the scorecards for their top 50 managers, people began to see that diversity really was part of their business and the company was taking it seriously. In fact, employees began to see that if they hitched their car to that train, they'd personally benefit, not only from the experiences they might gather, but also financially from bonuses. This was the one diversity objective where the bonuses came directly from the corporation's diversity strategy.
2. They achieved their goals and did a good job of backfilling the organization with bench strength from a demographic standpoint. They increased representation of women and people of color, starting at entry level and supervisory positions and moving up every year to the director level and other positions at the top of the house.
3. They had an employee-facilitated training and education program, with a cadre of employees who were trained facilitators. Within two years 98% of their employees went through the training program. They had a separate one for managers and supervisors, to make them more effective.

An example of how intangible ROI develops into tangible results has to do with several employee networks that were established, including African American, Latin, and Women's.

1. These networks were business-focused and had real objectives to accomplish. For example, they did studies to show how many actual hires they were responsible for bringing into the company. They could show how many employees were retained with the company because of the diversity program and the networks.
2. They also had data with regard to business building ideas that came out of the networks, ideas that wouldn't have surfaced if individuals hadn't had a voice through the network.

3. Through the diversity program they signed a landmark deal for new business came out of an event one of the networks sponsored and to which they took their senior management. The senior management, in turn, empowered the diversity group to go after the business. Because of this particular program the net yield for sales went up 40% in places where they were doing business.

Structured Renewal

The entire Diversity Leadership Team was turned over every year. This short tenure ensured that people had a specific time frame to do a job and then go on. Former members of the team were called Ambassadors. One positive fact about this team was that no one ever asked to leave it. On the contrary, people often asked to extend their stays. However, team members were not allowed to serve a second term because the Diversity Leadership Team wanted to develop as many Ambassadors as possible.

New team members were oriented in a joint meeting with the current members before they started their tenure. Then they came back at the beginning of their term for a two-day, intensive diversity training.

The Diversity Leadership Team invited other companies to do benchmarking against theirs. The VP of Diversity scheduled seven or eight members of his team, along with the Ambassadors, to participate in the benchmarking and to talk about the things they'd done.

THE TRANSFORMATION

As a result of the Diversity Leadership Team's activities, the VP of Diversity developed his own business unit with 11 people in the organization who reported to him directly or indirectly. They had millions in profit and loss numbers to return to the corporation.

As a result of its diversity success, the company disbanded its Diversity Leadership Team and a Steering Committee, appointed by division presidents, became responsible for all its divisions. Each division established its own diversity council and became responsible for developing its own representation strategy and its own scorecard to make sure all objectives were met.

As you have read in this case study for inclusion, real transformation means that employees understand what diversity and inclusion are, how these issues affect them personally, how they might leverage diversity and inclusion for the benefit of the company, and how they will make themselves accountable for achieving inclusion goals. It is about embedding ownership into a company in such a way that diversity and inclusion are core values and competencies in all business units, at all levels, in every function. Diversity and inclusion, as a business principle, as well as a human value, is pushed so deeply into the organization that employees could not imagine doing business any other way.